

**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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SF 568 - Bingo Sales & Use Taxes (LSB 2510 SV)

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Fiscal Note Version - New

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**Description**

Senate File 568 provides that only the gross amount less the amounts awarded as prizes be subject to the State sales and use tax, local option sales tax (LOST), and the school infrastructure local option (SILO) sales tax from the operation of bingo games.

**Background**

Under current law, State sales and use tax, local option sales tax (LOST), and school infrastructure local option (SILO) sales tax are imposed on the gross amount generated from the operation of bingo games. Total tax revenue (State and local) received from the operation of bingo games for past years are as follows:

- FY 2003 - \$340,000
- FY 2004 - \$400,000
- FY 2005 - \$420,000
- FY 2006 - \$540,000

Based on the FY 2006 State and local tax revenue collected, the estimated gross amount generated from the operation of bingo games in FY 2006 was \$8.1 million.

**Assumptions**

- The growth in the gross amount generated from the operation of bingo is estimated at 16.3% based on past growth. Based on this assumption, the estimated gross sales from bingo games are:
  - FY 2008 - \$10.95 million
  - FY 2009 - \$12.74 million
- Assumes that 75.0% of bingo game receipts are paid out in prizes.
- Assumes that the local option sales tax (LOST) percentage remains at the FY 2006 level 0.69% of total taxable sales statewide in FY 2008 and FY 2009.
- Assumes that the school infrastructure local option sales tax (SILO) percentage is 0.99% of total taxable sales statewide in FY 2008 and FY 2009.

## **Fiscal Impact**

The estimated impact of SF 568 is a reduction in General Fund revenues of \$411,000 in FY 2008 and \$478,000 in FY 2009. The Bill will also decrease the amount of LOST and SILO by \$138,000 in FY 2008 and \$161,000 in FY 2009.

	Estimated Current Law FY08	Estimated Proposal FY08	Estimated FY08 Impact	Estimated Current Law FY09	Estimated Proposal FY09	Estimated FY09 Impact
Taxable Bingo Sales	\$ 10,950,000	\$ 2,737,500		\$ 12,740,000	\$ 3,185,000	
Estimated State Sales Tax	\$ 547,500	\$ 136,875	\$ - 410,625	\$ 637,000	\$ 159,250	\$ - 477,750
Estimated LOST and SILO	\$ 183,960	\$ 45,990	\$ - 137,970	\$ 214,032	\$ 53,508	\$ - 160,524

## **Sources**

Iowa Department of Revenue  
Iowa Department of Inspection and Appeals

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/s/ Holly M. Lyons

April 2, 2007

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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